



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES  
DIRECTOR

November 13, 2007

**TO:** Rebecca A. Humphries, Director

**INFORMATION:** Natural Resources Commission

**Transaction:** State Forest Land Acquisition and Boundary Adjustment  
Crystal Falls Management Unit – Iron County  
Wisconsin Electric Power Company Tract  
DBA: WE Energies  
Land Transaction Case #20070141

**Purchase Price:** 373 acres – \$235,000.00

**Description:** Iron County, Bates and Mastodon Townships:  
Parcel 1: Land in Bates Township, T44N, R34W, Sections 13 and 14 as more particularly described on the attached “Exhibit A.” (85 acres)  
Parcel 2: Land in Mastodon Township, T41N, R31W, Section 16 as more particularly described on the attached “Exhibit A.” (140 acres)  
Parcel 3: Land in Mastodon Township, T41N, R31W, Section 17 as more particularly described on the attached “Exhibit A.” (148 acres)

**Seller:** Wisconsin Electric Power Company, Milwaukee, Wisconsin  
DBA: WE Energies

**Option Expires:** December 31, 2007

**Property Taxes:** Property taxes on the offered land for 2006 were estimated at \$4,167.00

**Reservations:** Parcel 2 and Parcel 3: Rights necessary to restrict or prohibit certain activities on the offered land in order to enable Seller to comply with the Federal Energy Regulatory Commission’s (FERC) Wilderness Shores Settlement Agreement which was entered into between the FERC and the Seller. Provisions include public access requirement in certain areas and the prohibition of construction or placement of dwellings, removal of trees and/or certain types of vegetation.

**Authority:** Part 5 of Act 451, Public Acts of 1994, as amended.

**Notice:** This item will appear on the Department of Natural Resources' (Department) November 26, 2007 Calendar and is eligible for approval on December 3, 2007.

NATURAL RESOURCES COMMISSION

Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • Darnell Earley • John Madigan • J. R. Richardson • Frank Wheatlake

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Comments:

This acquisition is the first phase of a two-part transaction in which the Department is partnering with The Conservation Fund (TCF) to acquire a total of 1,054 acres offered by WE Energies (WE). Due to the need of WE to sell in a short time-frame, TCF has agreed to assist the Department with bridge funding which will allow enough time for the Department to apply for available funding for completion of the second and final phase of the project. The proposed final phase of the acquisition is a 681-acre tract in Baraga County with significant frontage on the Sturgeon River. An application has been submitted to the Michigan Natural Resources Trust Fund for funding of the final phase of the project.

This first phase of the transaction involves purchase of 373 acres of offered private property in three undeveloped parcels:

Offered private Parcel 1 is located in central Iron County three miles southwest of Amasa. This parcel includes unique river frontage at the confluence of the Hemlock and Paint Rivers. The river flow is rough and rapid in this location and this parcel will offer a convenient place for canoers and kayakers to portage around this difficult stretch. Topography is mostly rolling and land cover consists largely of aspen, swamp hardwoods, and a spruce-fir component.

Offered private Parcels 2 and 3 are located in southern Iron County, 13 miles southeast of Crystal Falls. The tracts exhibit an irregular shape and display a level to hilly topography consisting of a combination of forested upland interspersed with marginally-drained wetland. The Brule River forms the southern boundary of the parcels. Floodplain associated with the river corridor forms the wetland component of this tract and exhibits a forest cover of lowland hardwoods. A pine plantation and mixed northern hardwoods dominate the upland component. Access is available via two-track trails over adjacent WE land and nearby State land. State-owned land is adjacent to the boundary of the offered tract.

In addition, Parcels 2 and 3 are situated in close proximity to the Peavey Falls Dam. They are encumbered by restrictions as part of the Wilderness Shores Settlement Agreement reached between WE and the FERC. The restrictions provide for public access, prohibit construction of dwellings, and limit the removal of vegetation. Because of the mandated restrictions, there is a significant reduction in the market value of the properties which is reflected in the purchase price.

The purchase will include such mineral rights as are owned by the seller.

Parcels 2 and 3 of the three offered WE parcels are located inside the boundaries of the Crystal Falls Forest Management Unit. Acquisition will expand and consolidate State ownership, secure additional wetland wildlife habitat, and secure permanent public recreational opportunities, particularly with regard to water-related activities along a significant amount of river frontage.

The acquisition of these parcels will be made from the Land Exchange Facilitation Fund (LEFF). The goal of the LEFF is to use the proceeds of the sale of surplus land to acquire additional land for public outdoor recreation and natural resource conservation.

Acquisition of these three tracts will contribute to State Forest consolidation. The land is desirable for hunting, fishing, hiking, and a range of water-related recreational activities utilizing the Brule, Paint and Hemlock River corridors.

- Recommendations:
- (1) That these tracts be approved for purchase with payment to be made from the LEFF.
  - (2) That the boundary of the Crystal Falls Forest Management Unit be adjusted to include Parcel 1 following completion of the purchase.
  - (3) That acquisition of the additional 681-acre tract with frontage along the Sturgeon River in Baraga County, be approved contingent on funding by the Michigan Natural Resources Trust Fund Board, and appropriation by the Michigan Legislature.
  - (4) That the assistance and partnership of TCF be acknowledged with appreciation.

David E. Freed, Chief  
Land and Facilities

Kelley D. Smith, Chief  
Fisheries

Douglas A. Reeves, Acting Chief  
Wildlife

Lynne M. Boyd, Chief  
Forest, Mineral and Fire Management

Ronald A. Olson, Chief  
Parks and Recreation

Arminda S. Koch  
Resource Management Deputy

Dennis R. Fedewa  
Chief Deputy

I approve the staff recommendations.

Rebecca A. Humphries  
Director

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Date Approved

EXHIBIT A - 20070141

Land located in Bates Township

Parcel 1:

Government Lot 6 of Section 13, T44N, R34W

Government Lot 7 of Section 13, T44N, R34W

Government Lot 8 of Section 13, T44N, R34W

Government Lot 2 of Section 14, T44N, R34W

Land located in Mastodon Township

Parcel 2:

Government Lot 3 of Section 16, T41N, R31W

Government Lot 4 of Section 16, T41N, R31W

The NE  $\frac{1}{4}$  of the NE  $\frac{1}{4}$  of Section 16, T41N, R31W

The NW  $\frac{1}{4}$  of the NE  $\frac{1}{4}$  of Section 16, T41N, R31W

Parcel 3:

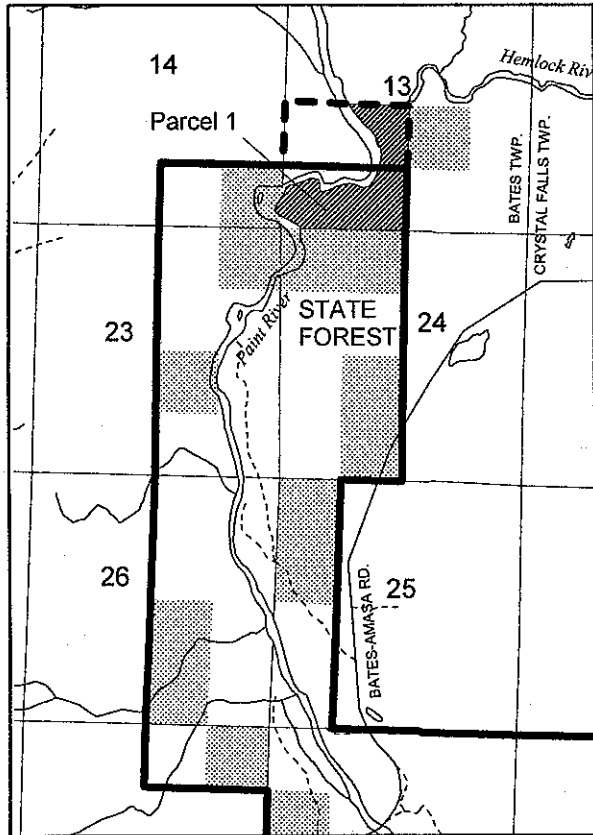
Government Lot 1 of Section 17, T41N, R31W

Government Lot 2 of Section 17, T41N, R31W

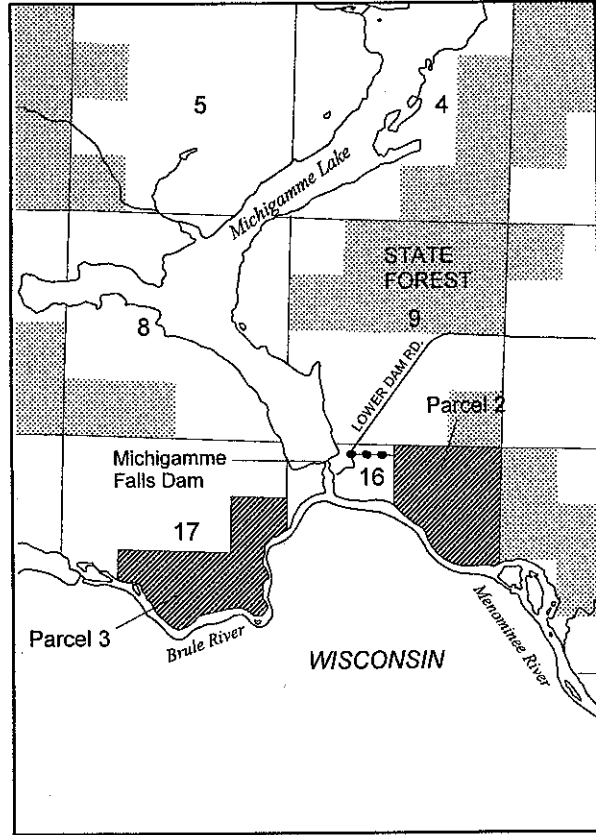
Government Lot 3 of Section 17, T41N, R31W

Government Lot 4 of Section 17, T41N, R31W




# STATE FOREST LAND ACQUISITION AND BOUNDARY ADJUSTMENT Crystal Falls Management Unit - Iron County Land Transaction Case #20070141

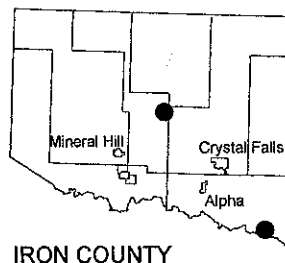


Sections 13 and 14, T44N, R34W  
Bates Township



Sections 16 and 17, T41N, R31W  
Mastodon Township

- State Forest Boundary
- - -** Proposed Boundary Adjustment
- .....** Easement Offered to DNR
-  Land Offered to DNR (373.00 acres total)
-  State Land
-  Private Land



IRON COUNTY



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